

Clearmind Consultancy Private Limited

Conflict of Interest Policy



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PREAMBLE

The Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MIRSD/5/2013 dated August 27, 2013 has prescribed the guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination / avoidance of their conflict of interest and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for the compliance of the guidelines. SEBI advised to lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned. All intermediaries, recognised stock exchanges, recognised clearing corporations and depositories (hereinafter collectively referred to as "Entities") are presently governed by the provisions for avoidance of conflict of interest as mandated in the respective regulations read with relevant circulars issued from time to time by SEBI. On the lines of Principle 8 of the International Organisation of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulations, it has been decided to put in place comprehensive guidelines to collectively cover Entities and their associated persons, for elimination of their conflict of interest.

Clearmind Consultancy Private Limited (hereafter referred as 'Registered Portfolio Manager or 'the Company') is a SEBI Registered Portfolio Manager and the said circular is applicable to the Company.

PURPOSE

The content and purpose of the policy is to adopt and ensure implementation of best industry practices on an appropriate level of knowledge and competence and abide by the provisions of the SEBI Act, including regulations made thereunder, circulars and guidelines, which may be applicable and relevant and issued on timely basis which will help to avoid or manage any conflict of interest which may arise during the course of our business, with an intention of offering seamless and quality service to the customers.

Objectives of the policy on Conflict of Interest are defined as under:

- To promote high standards of integrity in the conduct of business
- To ensure fairness of dealing with clients
- To guide for identification, elimination or management of conflict-of-interest situations
- To provide a mechanism for review and assessment of the policy(ies) on conflict of interests.

The conflict-of-interest policy aims to ensure that the Company's clients are treated fairly and at the highest level of integrity and that their interests are protected at all times. It aims to identify conflicts of interest between:

- The Company and a Client
- Relevant Person and a Client
- Any of our group company and a Client
- Two or more Clients of the Company in the course of providing services to these Clients
- A Company's service provider and a client and to prevent conflicts of interest from adversely affecting the client's interest.

This Policy, among other aspects, briefly identifies possible situations where conflict of interest may arise and broad procedure put in place by Registered Portfolio Manager to mitigate such conflict of interest if such situation arises.

DEFINITIONS

1. Associated person means a principal or employee or an agent or distributor of Registered Portfolio Manager or other natural person engaged with Registered Portfolio Manager;
2. Customer/ Client: Means any person / entity who signs the mandate with Registered Portfolio Manager as a client/ customer for availing of any of the services offered by the Company.
3. Employee: Person employed and is on the payroll at Registered Portfolio Manager.
4. Intermediary means an entity registered under Sections 11 or 12 of the Securities and Exchange Board of India Act, 1992 and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization;
5. Securities means securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).

CONFLICT OF INTEREST

Conflicts of Interest can be defined in many ways, including any situation in which an individual or corporation (either private or governmental) is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. A conflict of interest is a manifestation of the moral hazard problem, particularly when a financial institution provides multiple services and the potentially competing interests of those services may lead to a concealment of information or dissemination of misleading information. A conflict of interest exists when a party to a transaction could potentially make gain from taking actions that are detrimental to the other party in the transaction.

Identification of Conflicts of Interests

The Company shall take adequate steps to identify conflicts of interest. In identifying conflicts of interest, the Company will take into account situations where the Company or an employee or a Relevant Person:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- Has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- Has a financial or other incentive to favour the interest of one Client over another;
- Receives from a person other than a Client an inducement in relation to a service provided to a Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

POTENTIAL CONFLICT Of INTEREST

In order to avoid, manage or deal with conflict of interest with the intermediary or the Associated Persons, it is important to identify the possible areas of conflict of interest. Company lists out the following potential conflict of interest that may affect the Company.

- i. Directorships or other employment;
- ii. interests in business enterprises or professional practices;
- iii. Share ownership;
- iv. Beneficial interests in trusts;
- v. Personal Account Trading;
- vi. Professional associations or relationships with other organizations;
- vii. Front running;
- viii. Rebates;
- ix. Kickbacks;
- x. Commission;
- xi. Where the Company designs, markets or recommends a product or service without properly considering all our other products and services and the interest of all our clients;
- xii. Where the Company has a financial or other incentive to favour the interest of another client or group of clients over the interests of a client;
- xiii. Where the Company has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, a client which is distinct from that client's interest in that outcome;
- xiv. Where the Company is likely to make a financial gain or avoid a financial loss at the expense of a client; and
- xv. Where the Company receives, or will receive, from the person other than a client an inducement in relation to the service provided to that client in the form of monies, goods or services, other than the standard commission or fee for that service.

MEASURES TO AVOID OR TO DEAL OR MANAGE ACTUAL OR POTENTIAL CONFLICT OF INTERESTS

Should a conflict of interest arise, it needs to be managed promptly and fairly. The Company puts in place following arrangements to ensure that:

- i. No personal relationships will, in any way, hamper the Company's ability in carrying out its duties towards the investors;
- ii. Further, the Company may take the pre-existing relationships of interested parties with potential portfolio companies into consideration in determining whether to pursue investments or to take any other actions;
- iii. There is a clear distinction between the different departments' operations;
- iv. No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- v. The Company's employees are prohibited from investing in a financial instrument for which they have access to non-public or confidential information;
- vi. Transactions by the Company's employees are neither performed nor executed by themselves.
- vii. Employees sign a contract of employment including confidentiality clauses. No associated person may disclose inside information to others, except disclosures made in accordance with the Company's policies and procedures, to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
- viii. Each department will control the flow of information where, otherwise, the risk of conflict of interest may harm the interest of a client;
- ix. Relevant information is recorded promptly in a secure environment to enable identification and management of conflicts of interests;
- x. Adequate records are maintained of the services and activities of the Company where a conflict of interest has been identified;
- xi. In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- xii. There is a periodic review of the adequacy of the Company's systems and controls.

- xiii. Employees are required to avoid conflicts of interest with activities they undertake outside Company.
- xiv. No consideration, in any form, will be received by the Company and their representative/employees from the interested party and/or their affiliates to pursue or influence any investment decision.
- xv. As soon as the conflict is identified, the Employee shall refrain himself/herself from taking any decision on the assignment until the conflict has been resolved. In some cases, it will be necessary for the Employee to excuse himself/ herself from any work on the assignment.

Further, the Compliance Officer shall create awareness and knowledge of applicable stipulations of the general Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material and ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.

Furthermore, the Compliance Officer shall assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational and compliance risk. Where a conflict is declared, the Compliance Officer shall take such action as they deem fit to both declare and resolve the conflict. This may (and probably will) involve communication with the other parties in the assignment.

CODE OF CONDUCT FOR AVOIDING CONFLICT OF INTEREST

The Company shall either avoid any conflict of interest arising or, where conflicts arise, shall ensure fair treatment to all its Customers by disclosure, internal rules of confidentiality, declining to act, or otherwise. The Company shall not unfairly place its interests above those of its Customers and where a properly informed Customer would reasonably expect that the Company would place his interests above its own, the Company should live up to that expectation.

It is expected that the Employees shall:

1. at all times maintain high standards of integrity in conducting business activities.
2. ensure fair treatment of their customers and no discrimination amongst them.
3. ensure that personal interest does not at any time conflict with their duty to the Customers and Customer's interest always takes primacy in the advice, investment decisions and transactions.
4. make appropriate disclosure to the Customers, of possible source or potential areas of conflict of interest which would impair their ability to render fair objective and unbiased services.
5. endeavor to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.
6. place appropriate restrictions on transactions in securities while handling a mandate of Customer in respect of such security so as to avoid any conflict.
7. not deal in securities pertaining to the Customer while in possession of material unpublished information/ price sensitive information.
8. not to communicate the material unpublished information/ price sensitive information ("price sensitive information") while dealing in securities pertaining to the Customer.
9. not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.
10. not to share information received from Customers or pertaining to them, obtained as a result of their dealings, for their personal interest.

OBLIGATIONS OF THE COMPANY

As part of its fiduciary duty towards the Clients, the Company is committed to:

1. maintaining high standards of integrity while conducting its business (arm's length basis), ensuring equitable treatment of all its clients and preventing any form of discrimination amongst them;
2. upholding the interest of the Clients at all times while rendering investment advice, and undertaking transactions;
3. ensuring that the personal interest of the Company does not, at any time, contradict or conflict with its duty towards the Clients;
4. disclosing all possible matters and areas to the investors where there may be a potential conflict of interest that would impair its ability to render fair, objective and unbiased services;
5. abide by high level principles on avoidance of conflicts of interest while dealing with its affiliates and subsidiaries; and
6. not in any way contributing to the manipulation of the demand for or supply of securities in the market or influencing prices of securities.

IMPLEMENTATION AND REVIEW OF THE POLICY

This policy shall come into effect from the date of approval of the Directors of the Company for its implementation so as to provide necessary guidance enabling identification, elimination or management of conflict-of-interest situations.

This Policy will be reviewed on a periodic basis and shall be updated as and when needed to keep the same in line with the applicable rules and regulations.

Disciplinary actions shall be taken against employees who fail to comply with this Policy.

